LEGAL AID ONTARIO

2010/11 Annual Report

LEGAL AID ONTARIO
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LETTER TO THE MINISTER

July 2, 2011

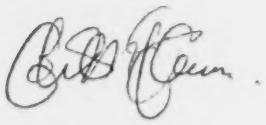
The Honourable Chris Bentley
Attorney General of Ontario
720 Bay Street
Toronto, ON M5G 2K1

Dear Minister,

Please accept, in accordance with Section 72 of the *Legal Aid Services Act, 1998*, the Annual Report for Legal Aid Ontario for the year ended March 31, 2011.

On behalf of the people of Ontario, we thank you, your ministry and the Government of Ontario for your ongoing support of Legal Aid Ontario and its mission to provide equitable access to justice for low-income Ontarians.

Yours sincerely,



John D. McCamus, Chair
Legal Aid Ontario

LETTER TO THE MINISTER

December 8, 2011

The Honourable John Gerretsen
Attorney General of Ontario
720 Bay Street
Toronto, ON M5G 2K1

Dear Minister,

Please accept, in accordance with Section 72 of the *Legal Aid Services Act, 1998*, the Annual Report for Legal Aid Ontario for the year ended March 31, 2011.

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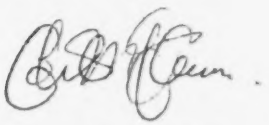

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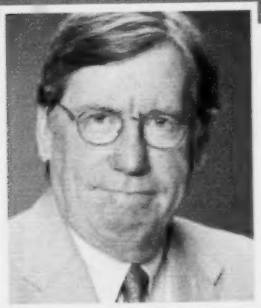
Legal Aid Ontario



MESSAGE FROM THE CHAIR

In 2010/11 Legal Aid Ontario continued to provide legal aid support and services to close to one million clients. These services were delivered through a variety of channels and with the assistance of a myriad of service providers and supporters. I would like to outline just a few of the accomplishments that the Board of Directors and I are particularly proud of for 2010/11.

In January 2010, LAO began a significant restructuring process, moving client services from area offices to more convenient courthouse locations, as well as offering a broader range of services through the toll-free number. LAO started to deliver on its commitment to continuously enhance client services and to ensure that they meet our clients' expectations with: seamless service, lower cost transactions, no wrong door, accessibility, multilingual services, simplified and standardized processes, and the right service at the right time.

The "Legal Aid in the Courthouse" initiative began in January 2010 with 25 courthouse locations and now has 55 court locations throughout Ontario. Since its beginning, over 45,000 people have applied for legal aid at a courthouse location. Close to 10,000 people have received status updates on their applications and over 6,000 people have been referred to other resources.

In January of 2010, Legal Aid Ontario also introduced toll-free services which provide a greater range of services than were previously available at legal aid offices. Throughout 2010 and into 2011, calls to the toll-free service continued to climb — in April 2010, they answered 15,521 calls. In January 2011, they answered 24,938 calls — a marked increase of 9,417 calls.

With services available in 120 languages, including 18 Aboriginal languages and dialects, 4,840 calls were answered from non-English callers in January 2011. Since its introduction, LAO's toll-free service continues to expand its services — adding criminal and family summary legal advice, a priority queue for victims of domestic violence and a call-back feature for clients who don't want to wait to speak to a representative.

Legal Aid Ontario has also enhanced our website, which provides in-depth information for clients and lawyers and receives an average of 1,800 visitors daily. Quick online access to information about LAO's range of services better prepare clients to navigate the justice system.

In September of 2010, Legal Aid Ontario celebrated the official opening of several Family Law Service Centres (FLSC), with locations in North York, Brampton, Newmarket, Toronto, Chatham and Sarnia. They are one-stop resource centres for clients with family law matters, offering a broad range of services from mediation to summary legal advice to full representation for clients who qualify for certificates.

Since opening, the FLSCs in the GTA District have received close to 15,000 phone calls, over 4,000 walk-in clients and have assisted close to 300 clients with document preparation.

LAO's recent accomplishments have not been without financial challenges. In 2009/10 LAO experienced a 91 per cent reduction in revenues from the Law Foundation of Ontario — from $56.4 million to $4.8 million following the 2008 economic downturn. This major shift and the variable nature of Law Foundation revenues represent a unique challenge for an organization providing fixed cost programming and services.

For 2010/11, Legal Aid Ontario received $13.4 million in revenue from the Law Foundation of Ontario, $8.6 million more than the previous year. Together with administrative savings generated by LAO's modernization strategy, LAO's deficit of $27.6 million was reduced to $8.6 million by the end of this fiscal year, a reduction of 71 per cent.

I continue to be most impressed by the dedication of the service provided to our clients by our staff and service delivery partners. I offer my sincere thanks to these committed professionals and to the Governments of Ontario and Canada for their continued commitment to legal aid.

I can assure you as Chair and in cooperation with the Board of LAO that Legal Aid Ontario's statutory mandate to promote access to justice throughout Ontario for low-income citizens continues to be the focus and sole purpose of Legal Aid Ontario.

John D. McCamus,
Chair

MESSAGE FROM THE PRESIDENT

Over the past several years LAO has been implementing a comprehensive corporate change process that is making LAO more efficient and responsive to the needs of its clients and to the interests of taxpayers. LAO's Quantum planning exercise was the beginning of that process. To that end, LAO has developed a modernization strategy that responds to these needs and continued to implement this plan in 2010/11.

This change process has included a fundamental review of how LAO functions within the justice sector in Ontario. In 2010/11, LAO started to review, modernize and upgrade all aspects of its service and delivery model, improved its administration and redefined its relationship with funders, clients and service providers. Modernization will continue to be an ongoing process and LAO will strive and achieve continuous improvements in all its activities. The primary focus continues to be improving the quality of services LAO provides to more than 1.0 million clients who received LAO's services each year.

LAO continues to face revenue shortfalls and has addressed these through efficiency gains and reductions in administrative costs. Bank of Canada rate reductions that started in 2008 had a direct impact on Law Foundation of Ontario (LFO) revenues reducing LAO's share of LFO revenues from a high of $56 million in 2008/09 to $4.8 million in 2009/10. Over 2009/10 and 2010/11, approximately $40 million has been saved as a result of LAO's service delivery model including $20 million in administrative costs.

With the adoption of the Simplified Financial Eligibility Test (SFET) in 2010/11, LAO has also clarified and simplified eligibility. LAO initiatives in 2010/11 continued to improve access to justice, reduce administration costs, increase front line services and assist in the reduction in court backlogs in both criminal and family law.

LAO continued to work with the Ministry of the Attorney General to refine and enhance our accountability relationship with the Ministry and the Province. LAO supports a number of government priorities such as:

- Protecting the interests of victims and vulnerable people
- Delivering an effective justice system
- Providing an efficient court system
- Delivering key government initiatives and functions
- Serving the public interest

2010/11 Accomplishments

- Reduced the deficit from $27.6 million to $8.6 million.
- Reduced call centre wait times from 5 minutes for Tier 1 to 73 seconds and from 20 minutes for Tier 2 to 5 minutes.
- Improved outcomes related to Justice On Target (JOT) including reduction in duty counsel adjournments and increased resolution rates.
- Reduced expenditures on administration an additional $4.1 million.
- Reduced cost of applications by 26%.
- Implemented the Simplified Financial Eligibility Test.
- Implemented a new Area Committee process.
- Developed a panel management dashboard.
- Reduced processing times for Lawyer Payments.
- Implemented Phase I of Block Fees and set the stage for full implementation of Phase II in 2011/12.

During significant transition there are always issues related to maintaining service levels. To address this concern, a new complaint category was created to capture any problems perceived as a result of the transformation. Only eleven complaints have been recorded in this category since it was introduced in 2009/10, four of which occurred in 2010/11. In addition, LAO surveyed clients in March 2011. LAO asked clients whether they were well served by their lawyer and their response was a very positive 92%.

LAO will continue to focus its efforts on ensuring that clients continue to receive the best quality service available. I want to extend my thanks to staff and service providers for their dedication and support of legal aid, without their continued support this would not be possible.

STATUTORY MANDATE

Legal Aid Ontario has a statutory mandate to promote access to justice throughout Ontario for low-income individuals by means of:

- Providing consistently high quality legal aid services in a cost-effective and efficient manner;
- Encouraging and facilitating flexibility and innovation in the provision of legal aid services;
- Identifying, assessing and recognizing the diverse legal needs of low-income individuals and of disadvantaged communities in Ontario; and
- Providing legal aid services to low-income individuals through a corporation that will operate independently from the Government of Ontario but within a framework of accountability to the Government of Ontario for the expenditure of public funds.

In fulfilling this mandate Legal Aid Ontario is committed to providing services which recognize the importance of diversity, access, equity, creativity and quality.

OUR VISION

To ensure that healthy communities include responsive and meaningful legal aid services and improved access to justice.

VALUES

Integrity
We act with integrity and we assume that others do so.

Respect
We practice respect in all relationships.

Responsiveness
We are responsive to clients, stakeholders and staff.
We treat people in an equitable way, recognizing their needs.

Excellence
We strive for excellence and continuous quality improvement.
We aim to attract and retain the best employees.

Independence
We are an independent part of the justice system.

Accountability
We are accountable to the government, clients, stakeholders and staff.

Openness
We are open and consultative in decision-making.

Consistency
We are consistent in our processes and decision-making. We create unity across the organization. We make decisions on the basis of facts and sound principles.

LAO BOARD MEMBERS 2010/11

Left to right: Sujit Choudhry, Bob Ward (ex-officio member), Paul Dray, James McNee, Aly N. Alibhai, James Yakimovich, John D. McCamus (Board Chair), John Liston, Timothy Murphy, Nancy Cooper

Name	Title	Nomination/ Appointment	Term of Office	Lawyer (Yes/No)	Effective Date	End Date
John D. McCamus	Chair	Attorney General	3 years + 3 years	Yes	July 5/07	July 4/13
Aly N. Alibhai	Board Member	Law Society	3 years + 2 years + 2 years	Yes	May 25/04	May 24/11
Nancy Cooper	Board Member	Law Society	2 years + 3 years	Yes	Feb. 18/09	April 6/14
Sujit Choudhry	Board Member	Attorney General	2 years + 2 years	Yes	Dec. 6/06	May 31/10
John Liston	Board Member	Law Society	2 years + 2 years	No	March 19/08	March 18/12
James McNee	Board Member	Attorney General	2 years + 2 years	No	June 25/08	June 24/12
Paul Dray	Board Member	Law Society	2 years + 2 years	No	Dec. 6/06	Dec. 5/10
Tim Murphy	Board Member	Law Society	2 years + 3 years	Yes	March 25/09	April 6/14
James Yakimovich	Board Member	Attorney General	2 years + 2 years	No	June 25/08	June 24/12
Vacant						
Vacant						
Bob Ward	President/CEO/Ex Officio Board Member	LAO Board of Directors	N/A		Sept. 5/06	N/A

ABOUT LEGAL AID

On April 1, 1999, LAO assumed responsibility for the administration of the legal aid system in Ontario from the Law Society of Upper Canada. Under the *Legal Aid Services Act, 1998*, LAO was established as a corporation without share capital, independent from, but accountable to, the Government of Ontario. Legal aid protects constitutional and legal rights and ensures fair and equal treatment for low-income people such as: those facing criminal charges, parents involved in child protection proceedings or seeking custody, access or financial support for themselves or their children, and refugee claimants. LAO provides consistently high quality legal aid services in a cost effective and efficient manner to low-income individuals throughout Ontario.

Legal aid is delivered in four ways:

1. LAO primarily pays lawyers representing low-income Ontarians in criminal, refugee and family matters by means of the legal aid certificate system. LAO issues certificates to people who meet strict eligibility requirements. Clients use LAO certificates to retain private lawyers, who in turn bill LAO for the legal services provided to the client.
2. LAO also delivers legal aid services through a small number of Staff Offices.
3. LAO pays and manages duty counsel to provide summary advice and assistance to people appearing in court without counsel.
4. 77 independent community legal clinics assist low-income people with issues such as income maintenance and landlord/tenant disputes. LAO manages the transfer payments to clinics and monitors and supervises legal aid services provided by clinics.

Objects of LAO

The objects of the Corporation are to:

(a) establish and administer a cost-effective and efficient system for providing high quality legal aid services to low-income individuals in Ontario;

(b) establish policies and priorities for the provision of legal aid services based on its financial resources;

(c) facilitate co-ordination among the different methods by which legal aid services are provided;

(d) monitor and supervise legal aid services provided by clinics and other entities funded by the Corporation;

(e) co-ordinate services with other aspects of the justice system and with community services;

(f) advise the Attorney General on all aspects of legal aid services in Ontario, including any features of the justice system that affect or may affect the demand for or quality of legal aid services.

LAO's Governance and Accountability

LAO's governance structure is outlined in the *Legal Aid Services Act, 1998*. The Act identifies the agency's accountability relationship with the Province, Governance and Board Composition, areas of law where legal aid services are to be provided, methods of providing legal aid, eligibility, corporate powers, finances and administration. LAO's administration is also governed by a Memorandum of Understanding between the Attorney General and the Chair of LAO. The purpose of the MOU is to:

- Confirm the accountability relationships between the Minister and the Agency through its Chair;
- Clarify the roles and responsibilities of the Minister, the Chair, the Deputy Minister, President and the Board;
- Establish the expectations for the operational, administrative, financial, auditing and reporting arrangements between Legal Aid Ontario and the Ministry of the Attorney General;
- Establish the mutual expectations of information exchange; and
- Comply with the requirement that an MOU be established under section 71 of the *Legal Aid Services Act, 1998*.

Committees and Volunteers

Advisory committees

LAO is required by provincial law to formally work with a range of advisory committees drawn from community representatives and LAO board members to provide advice on specific areas of the law, including criminal, family and clinic law. In addition to these required committees, LAO has formed others covering areas of law such as immigration and refugee, prison law, mental health, Aboriginal justice and French language services. The role of these committees is to provide advice and expertise to the LAO board of directors and to hold LAO accountable to the individuals and organizations who work most closely with the organization in the delivery of legal services to Ontario residents.

Area committees
Approximately 350 people, including lawyers and community representatives, volunteer hundreds of hours of their time on these committees across the province. Area committees hear appeals from decisions of area directors who have refused or cancelled a legal aid certificate and decide whether to issue certificates in appeal cases.

Group applications and test case committee
This is an advisory committee responsible for reviewing group applications for legal aid, applications for representation at coroners' inquests and test cases involving the Charter of Rights and Freedoms. The Group Applications and Test Case Committee fill an important role within LAO. Group cases, test cases and coroner's inquests often raise complex or new legal issues. As a result, expertise is needed to assess the strengths and weaknesses of the legal matter and its potential impact on low-income Ontarians.

LAO Exceptions Committee
The Exceptions Committee is a group of experienced criminal lawyers hired by LAO to provide budgetary recommendations on big criminal cases that are anticipated to cost more than $75,000. The Exceptions Committee is an integral part of LAO's Big Case Management Program.

OVERVIEW OF PROGRAMS AND ACTIVITIES

Legal Aid Ontario (LAO) provides low-income Ontario residents with high quality legal aid services in a cost-effective and efficient manner. LAO is the second-largest justice agency in Ontario and one of the largest providers of legal services in North America.

Established by the *Legal Aid Services Act, 1998*, Legal Aid Ontario is an independent but publicly funded and publicly accountable non-profit corporation, responsible for administering the province's legal aid program.

Services

Legal assistance is provided province-wide to financially and legally eligible clients through a range of service channels. Low-income Ontario residents seeking assistance with their legal matters can do so by:

- Calling Legal Aid Ontario toll-free, from anywhere in Ontario, or collect if outside of the province. Service is provided in 120 languages, including 18 Aboriginal languages and dialects through simultaneous interpreting services.
- Speaking with a duty counsel lawyer at any courthouse or a Legal Aid Ontario staff worker at one of the 55 courthouse locations.
- Contacting one of the 77 community and specialty legal clinics operating across Ontario.
- Contacting one of the Student Legal Aid Services Societies operating out of Ontario's six law schools.
- Attending at Family Law Service Centres in Toronto, North York, Newmarket, Brampton, Chatham and Sarnia, and at the Family Law Offices in Thunder Bay and Ottawa
- Calling a toll-free Francophone legal advice line for French-speaking clients, if in the GTA, Eastern and Northern Ontario, and parts of Central Ontario.

Finances

LAO receives the majority of its funding from the province of Ontario and the Law Foundation of Ontario. Funding is also derived from the Federal Government and through judgments, costs and settlements and from clients who contribute towards the cost of their legal representation. In 2011, LAO received funding from the following sources:

($000's)	2011	2010
Total Government Funding	**$ 320,810**	$ 315,439
Law Foundation of Ontario	**13,397**	4,837
Client Contributions	**18,114**	21,880
Client and Other Recoveries	**521**	664
Investment Income	**268**	553
Miscellaneous Income	**461**	721
	$ 353,571	$ 344,094

Legal aid certificates

- 109,310 certificates issued in 2009/10 and 100,387 in 2010/11.
- 26 per cent reduction in the cost per application taken over previous year.
- 74 per cent of applicants receive a same-day decision on their application.

Community, Specialty and SLASS clinics

- Legal Aid Ontario funds 77 community and specialty legal clinics across Ontario.
- 60 community legal clinics provided assistance to 156,588 Ontarians last year.
- 17 clinics provide specialty legal services.
- Student Legal Aid Services Societies (SLASS), located at each of Ontario's six law schools, provide assistance to the community through staff lawyers and students.
- Legal Aid Ontario provided $68.5 million in funding for poverty law services.

Duty counsel

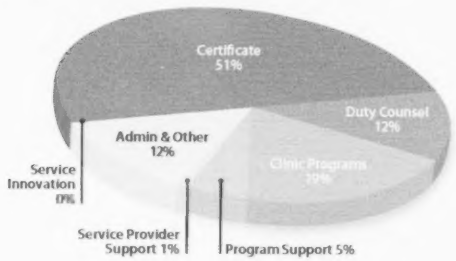
- 1,074,755 assists provided in 2009/10 and 1,031,000 in 2010/11 for criminal and family law matters.
- 728 criminal duty counsel lawyers (116 staff and 612 per diem).
- 642 family law duty counsel lawyers (52 staff and 590 per diem).

Family law services

- Six family law service centres have provided assistance to low-income individuals in Toronto, North York, Newmarket, Brampton, Chatham and Sarnia, along with two Family Law Offices in Thunder Bay and Ottawa.

The chart below outlines LAO's expenditures for the 2010/11 fiscal year by program area.

Figure 1: 2010/11 Expenditures $362.2 million



2010/11 in Focus

Justice On Target

LAO continues to play a significant role in supporting the Ministry of the Attorney General's Justice On Target initiative. LAO has been measuring how it is supporting this initiative and the initiatives below illustrate the support that LAO has been providing.

LAO is working with MAG to develop appropriate performance measures for JOT such as adjournment rates related to other LAO measures. The chart below provides a measure of LAO's impact on a key area of JOT adjournments. A specific target has not been developed, but as LAO continues to enhance the role of its duty counsel it is anticipated that the variations by region will change.

Region	% of adjournments attributed to Legal Aid
Province	**2.4**
Central and East Region	**3.3**
Central and West Region	**2.2**
East Region	**3.5**
North East Region	**3.3**
North West Region	**4.3**
Toronto Region	**0.7**
West Region	**3.1**

Note: regions identified in the above chart are MAG court regions

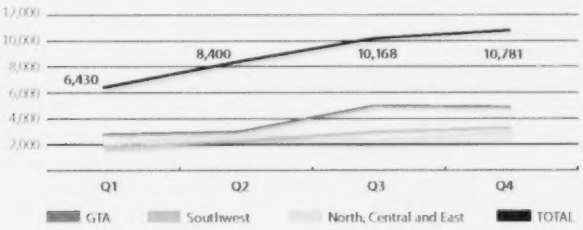
LAO is also tracking the number of court appearances a client has made prior to attending an LAO courthouse site or a call to the CSC to make an initial application. This information is a manual process and does present workload issues for LAO. For the 3rd Quarter of 2010/11, 58% of clients made an initial application on or before their first appearance. Increasing this number will speed up the judicial process. LAO is establishing baselines for this measure and will use it in tracking LAO's impact on JOT in the future.

LAO in the Courthouse

As of March 31, 2011, on site legal aid offices have been established in 55 criminal court locations.

Since the start of the initiative, over 45,000 clients have been served at LAO in the courthouse sites. The number of clients served at court locations has seen a continual increase over the past year. Compared to last year's Q3 statistics, the number of clients serviced has increased by 113% from 4,777 to 10,781.

For JOT sites 88% of initial applications received same-day decisions by the 4th Quarter. Over 60% of all sites are showing a same-day decision rate of 80% or higher. Same day decisions through all of LAO's application channels was 78%.



Region	Q1 2010/ 2011	Q2 2010/ 2011	Q3 2010/ 2011	Q4 2010/ 2011
Southwest	82%	81%	80%	82%
GTA	82%	82%	81%	84%
North, Central & East	70%	68%	71%	79%
Average	**78%**	**77%**	**77%**	**82%**

Ministry of Community and Social Services (MCSS)

The MCSS-LAO interface integrates technology into business practices to provide more efficient and effective client service by allowing LAO staff to verify, in near real time, a check on a client's Ontario Works or Ontario Disability Support Program status. This process reduces the decision wait times experienced by the 60,000 Legal Aid clients in receipt of social assistance. This client group represents approximately 30% to 40% of all applicants for legal aid certificates. Prior to the implementation of this process, verification of this information could delay certificate eligibility decision making by up to three weeks. Since its implementation on April 19, 2010, 37,869 verification requests were successfully submitted.

Simplified Financial Eligibility: Phase 2 Pilot (SFET)

Phase 2 of LAO's SFET pilot was implemented on February 1, 2011. Like its predecessor, Phase 1 (which LAO began piloting in December 2009), Phase 2 of SFET is an income-based test that relies on income values adjusted for family size. However, Phase 2 represents a significant departure from Phase 1, since it incorporates the following three important changes that were approved for implementation by the Board in October 2010:

- Adjustment of family-size income levels, as recommended following the evaluation of Phase 1, to approximate the results that the existing financial eligibility test (FET) would produce;
- Implementation of a simplified process for applying SFET that eliminates recourse to the old FET as a "backup" test; and
- Implementation of a simplified process for contribution agreements that employs standardized monthly payments based on family income.

This phase of the simplified financial eligibility pilot will be monitored closely. A risk-based evaluation is being undertaken by an independent expert. LAO will rely on the results of the pilot and the external evaluation in developing a proposal for final implementation of SFET.

Family Law

On March 2, 2011, LAO held an event to launch the Family Information Program (FLIP). FLIP is designed for adults in Ontario whose relationship with their spouse or partner is breaking down. It describes legal and practical issues related to child custody, support payments, property settlements, shared parenting, and other issues that former partners may encounter.

The goal of the program is to help Ontarians make more informed decisions about the legal and emotional issues resulting from the breakdown of a relationship.

The event was attended by over 70 judges, lawyers, community stakeholders and LAO staff.

Since the launch, over 1,000 people have accessed the program on LAO's website. The Program can be accessed at **http://www.legalaid.on.ca/en/getting/flip.asp**.

In September 2010, Legal Aid Ontario celebrated the grand opening of several Family Law Service Centres in the GTA. A one-stop resource for clients with family law matters, the centres offer a broad range of services from mediation to summary legal advice to full representation for clients who qualify for certificates. Building on LAO's commitment to family law services, new family mediation services were also launched in Milton in December.

Francophone Summary Advice Lines

Three toll-free Francophone summary advice lines, offering help with clinic law matters, were launched during the summer. Operated through a partnership of three legal clinics/community centres — Sudbury Community Legal Services, Vanier Community Services and the Centre de Francophone Toronto — this service brought poverty law assistance to hundreds of Francophone clients living in non-serviced or under-serviced parts of the province.

LAO's Call Centre

During fiscal 2010/11, LAO delivered 82,600 hours of direct service to clients over the telephone via the Client Service Centre.

22,400 client service hours were spent delivering:

- General public information to LAO callers
- Referrals/triaging to appropriate services
- Provision of specific information about a legal matter or case
- Update to client profiles/information

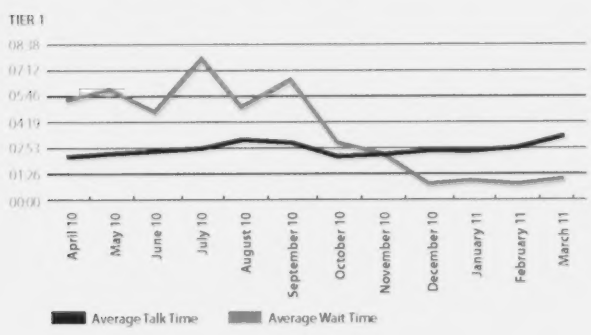
60,200 client service hours were spent delivering:

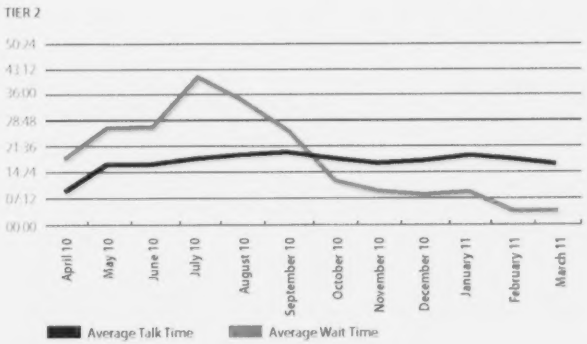
- Assessment of most appropriate service to address client need
- Applications for certificate services
- Client reassessments
- Client appeals following eligibility decisions
- Duty Counsel referrals, providing client with more detailed information regarding services available in the courthouse

Throughout the year, the toll-free service continued to expand its services — adding criminal summary legal advice, and most recently, a call-back feature for clients who don't want to wait to speak with a representative.

CSC — Call and Wait Times 2010/2011

As the charts below illustrate, call wait times for both Tier 1 and Tier 2 were very high from June 2010 to September 2010. During this time, clients were finding it difficult to get through to LAO's call centre and there was an unacceptably high abandonment rate. LAO responded to this situation by determining the root cause of the delay through a review of workflow processes, technology support and staff training. LAO revised all of these supports and was able to significantly reduce call wait times and increase average talk time at Tier 1 as well as maintain talk time at Tier 2.





Lawyer Accounts

LAO's account inventory (standard certificates, BCM, PCU) as at March 31, 2011 is 4,805, historic lows from a high of over 9,000 accounts in inventory in May 2010. Resources have been deployed to ensure that the account inventory is reduced and all accounts are paid within 60 days. As at March 31, 2011:

- Total account inventory = 4,805 accounts.
- Over 60 day accounts (BCM, PCU, Standard certificates) = 78 accounts
  - Over 60 day BCM = Nil
  - Over 60 day PCU = 28 accounts
  - Over 60 day standard civil = 29 accounts
  - Over 60 day standard criminal = 11 accounts
  - Over 60 day late billed accounts = 10 accounts

Lawyer Payments Business Process Review

A business process review report was developed by WSCS regarding the Lawyer Payments policies processes and procedures. In response to this report staff have developed an action plan to implement the recommendations of the review.

REPORT ON CLIENT SERVICES

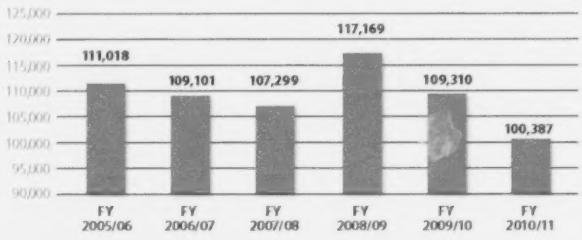
Legal Aid Certificates

In 2010/11, LAO spent $177.4 million on legal aid certificates, a reduction of $3.1 million from 2009/10.

Legal aid certificates are issued by LAO staff located in district offices, court locations and through LAO's call centre to financially eligible clients who need to retain a private lawyer to represent them in proceedings before criminal or family courts and administrative tribunals, including the Immigration and Refugee Board.

When a client receives a legal aid certificate, he or she can take it to one of more than 4,000 private practice lawyers in Ontario who participate in the legal aid certificate program. When a lawyer accepts the legal aid certificate, it is their guarantee that they will be paid for any authorized legal services they provide to the client.

NUMBER OF CERTIFICATES ISSUED



The total number of certificates issued in 2010/11 was 100,387 or, approximately 8% lower than in the previous year. This decline was the result of providing clients with services through alternative methods. The greatest decrease in certificates was in the area of civil law, reflecting the elimination of certificates in civil litigation. In absolute numbers, the greatest decrease was in criminal law certificates at 4,831.

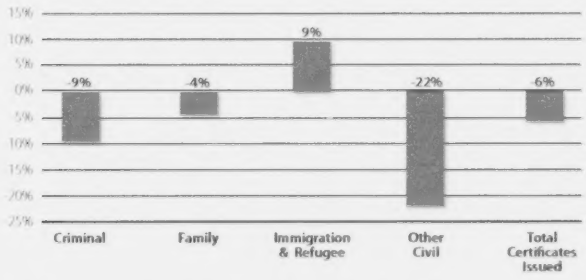
NUMBER OF LEGAL AID CERTIFICATES ISSUED BY CATEGORY 2010/11

	Criminal	Family	Immigration & Refugee	Other Civil	TOTAL
Actual	58,670	24,614	12,453	4,650	100,387
Projected Demand	59,616	26,206	11,056	5,123	102,000
Difference	**946**	**1,592**	**(1,397)**	**473**	**1,613**
	1.6%	**6.1%**	**(12.6%)**	**9.2%**	**1.6%**

DIFFERENCE/ COMPARISON TO PRIOR YEARS

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	% Change from last year
Criminal	65,510	65,784	64,335	68,453	63,501	58,670	-7.61%
Family	28,704	26,540	25,599	30,107	27,488	24,614	-10.46%
Immigration & Refugee	10,992	11,060	11,401	12,706	12,904	12,453	-3.50%
Other Civil	5,812	5,807	5,964	5,903	5,417	4,650	-14.16%
Total Certificates Issued	**111,018**	**109,191**	**107,299**	**117,169**	**109,310**	**100,387**	**-8.16%**

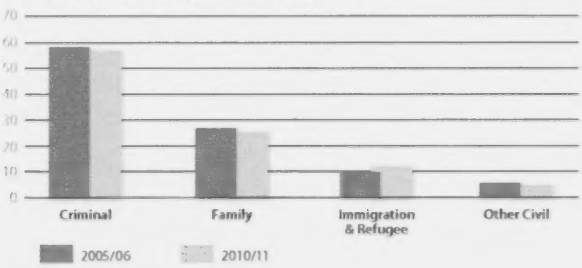
% CHANGE LAST FOUR YEARS



Distribution of Legal Aid Certificates by Category

The distribution of legal aid certificates has not changed significantly over the past five years. In 2005/06, criminal certificates represented 59% of all LAO certificates. In 2010/11, criminal certificates represented 58%. In 2005/06, family law certificates represented 26% of all certificates.

DISTRIBUTION OF LEGAL AID CERTIFICATES BY CATEGORY



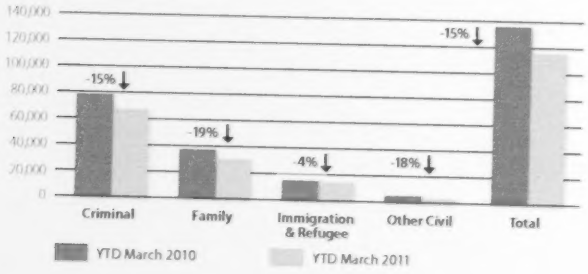
Number of Certificate Applications and Acceptance Rate

Overall, there was a 17% decrease in certificate applications in 2010/11. This was partially offset by an increase in the acceptance rate from 81% in 2009/10 to 87% in 2010/11.

Fiscal Year	Applications Taken	Certificates Issued	Acceptance Rate (%)
2005/06	143,226	111,018	78%
2006/07	141,757	109,191	77%
2007/08	138,614	107,299	77%
2008/09	146,537	117,169	80%
2009/10	135,496	109,310	81%
2010/11	115,101	100,387	87%
% Change from last year	**-15%**	**-8%**	

The chart below provides a summary of the changing number of certificate applications that were received by area of law.

TOTAL NEW APPLICATIONS FOR CERTIFICATES BY MAJOR AID
YTD MARCH 2010/YTD MARCH 2011



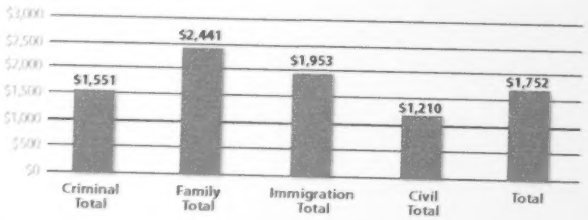
The biggest reduction in applications came from Family Law with a reduction of 19%.

Cost per Certificate

The average cost per completed certificate increased by 8% in 2010/11 from $1,620 per certificate in 2009/10 to $1,752 per certificate in 2010/11. In January 2010, LAO, MAG and the Criminal Lawyers' Association entered into an agreement that will see the hourly rate paid to lawyers increase over the next six years.

There were two 5% tariff increases implemented that affected the cost of certificates in 2010/11—February, 2010 and April, 2010. The cost per certificate is expected to continue to increase over the next several years as the impact of the agreement with the Criminal Lawyers' Association affects the hourly rate paid to lawyers by LAO.

AVERAGE CERTIFICATE COST 2010/11



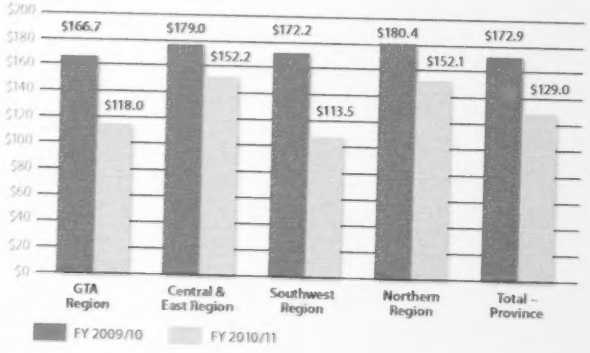
Simplified Online Application Portal

Legal aid certificate applications received through LAO's Simplified Online Application Portal (SOAP) showed a significant increase over the previous year, culminating in a total 48,482 applications received. In comparison, the number of SOAP applications totalled 40,925 in 2009/10. Applications processed through SOAP accounted for approximately 42% of total applications received to the end of March 2011. In comparison, approximately 30% of legal aid applications had been processed through SOAP in 2009/10.

Cost per application taken

In 2010/11, reflecting the changes LAO has made in administration, the cost per application decreased by approximately $44.0 or 25%.

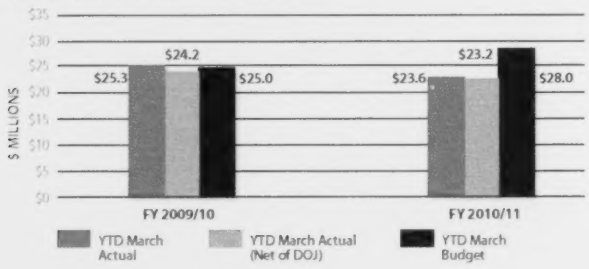
COST PER APPLICATION TAKEN COMPARISON
FY 2009/10—FY 2010/11



Big Case Management

At fiscal year end, actual expenditures on Big Case Management were $23.2 million, compared to the budget of $28 million.

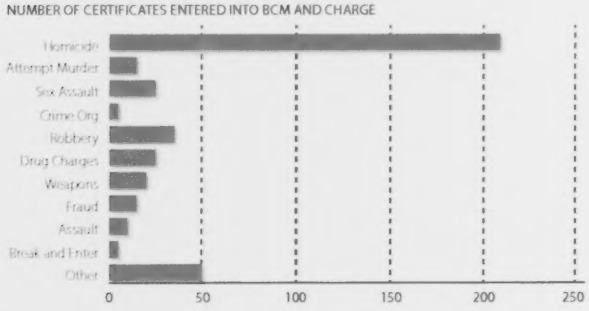
BIG CASE MANAGENT CERTIFICATE PROGRAM COST BUDGET COMPARISON AND FORECAST: FY 2009/10—FY 2010/11



BCM Certificates

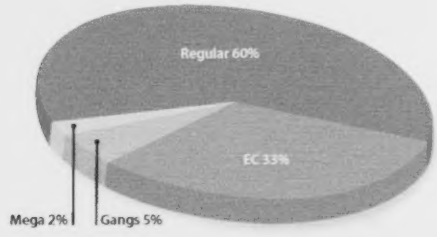
For the fiscal year 2010/11, 412 certificates entered into the BCM Program. Homicides accounted for 51% of new certificates. The Exceptions Committee considered 51 big case matters anticipated to exceed $75,000.

NUMBER OF CERTIFICATES ENTERED INTO BCM AND CHARGE



BCM Expenditure

Regular certificates (<$75 000) and Exceptions Committee certificates (>$75 000) accounted for 93% of the expenditure ($13 and $7.3 million respectively).



Complex Case Rate

Complex Case Rate (CCR) criteria and an application process to enhance rates paid to qualified criminal panel lawyers were developed in consultation with the Criminal Lawyers' Association.

Duty Counsel

Duty counsel services are provided either by in-house staff or private practice lawyers who are paid on a per diem basis in every courthouse in Ontario, including more than 30 remote and fly-in locations. LAO spent $43.7 million in 2010/11 on duty counsel services, $4.7 million more than in 2009/10.

Duty counsel lawyers work in courtrooms across the province, providing efficient, cost-effective assistance to people in need of legal support. Duty counsel provide front-line advice, information and representation to individuals who would otherwise be unrepresented and unassisted in the legal system.

As duty counsel has begun to play an enhanced role in the delivery of LAO services, as a cornerstone of LAO's modernization strategy, costs for duty counsel are increasing accordingly. In 2010/11, the total cost of the duty counsel program increased by $4.5 million over the previous year. Duty counsel costs for civil matters increased by $1.6 million, while the costs of criminal assists increased by approximately $2.9 million. Costs for duty counsel will continue to increase as the hourly rate for per diem lawyers is adjusted to reflect rates agreed to in the agreement signed with the Criminal Lawyers' Association.

Duty Counsel Activities

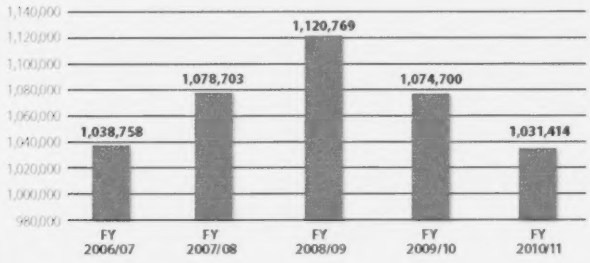
Below is a summary of the activities by duty counsel in February 2011.

Service Type	FY 2010/2011
Adjournment	41.4%
Judicial Interim Release Preparation	14.4%
Summary Advice	10.2%
Act as Agent	10.0%
Judicial Interim Release Proceedings	5.5%
Negotiation	5.4%
Pre-Trial/Crown Resolution Meeting	3.5%
Guilty Plea/Speak to Sentence	3.4%
Diversion/Extra-Judicial Sanctions	2.3%
Preparation for Guilty Plea	2.1%
Withdrawal of All Charges	1.8%
Total	**100%**

As we proceed with enhancing the role of duty counsel LAO's expectation is that the per cent of adjournments will be reduced and the focus of duty counsel activities will be more substantive outcomes for LAO's clients. As LAO begins to provide additional services through duty counsel, LAO will continue to conduct cost benefit analyses in those locations where it is more cost effective to have staff duty counsel provide services than per diems.

In 2010/11, the cost per duty counsel assist increased from $35 in 2009/10 to $40.9. This increase can be attributed to higher staff costs and the increase in the hourly rate paid to per diem lawyers.

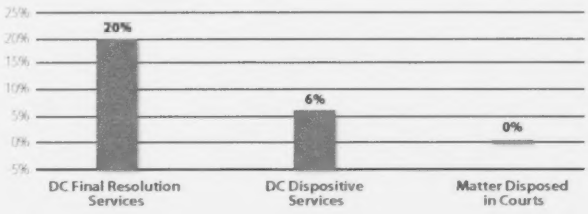
Duty Counsel Assists Services Provided



Total assists decreased 3.4% compared to 2009/10 (civil matters have decreased by 1%, whereas criminal matters have decreased by 4.1%).

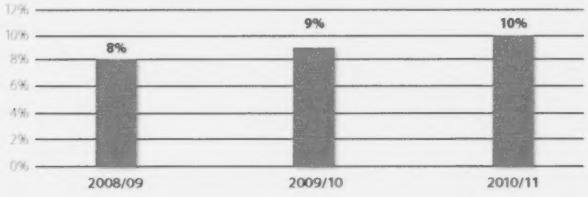
In addition to tracking clients served and assists provided by Duty Counsel, LAO has also started to track and measure final resolution services and dispositive outcomes of duty counsel services provided. Over the past two years there has been a significant increase in both these activities. DC Dispositive Services are those services provided by Duty Counsel that progress a case towards resolution. They include: final resolution services (guilty pleas, withdrawals and diversion), mental health assessment order hearings, sentence reviews, and peace bond/recognizance. As the following chart indicates while the total number of matters disposed in the court system has remained relatively flat, Duty Counsel Dispositive Services and Duty Counsel Final Resolution Services have increased by 6% and 20% respectively.

% CHANGE 2008/09 – 2010/11



LAO also reviewed DC Final Resolution Services as a percentage of all matters disposed in court. The chart below indicates Duty Counsel are now involved in 10% of all final resolutions in Ontario criminal courts up from 8% in 2008/09.

DUTY COUNSEL FINAL RESOLUTIONS



Community Legal Clinics

Legal Aid Ontario funded 77 independent community legal clinics in 2010/11. Clinics assist low-income people with issues such as income maintenance and landlord/tenant disputes. LAO manages the transfer payments to clinics and monitors and supervises legal aid services provided by clinics.

Spending in the clinic program increased from $60 million to $65 million, or an increase of 8%. This increase can be attributed to new investment funding announced by the Ministry of the Attorney General in September 2009. The funds are being used to support: innovation, community hub development, enhancing French language services, as well as increasing access for clinics to translation and interpreter services.

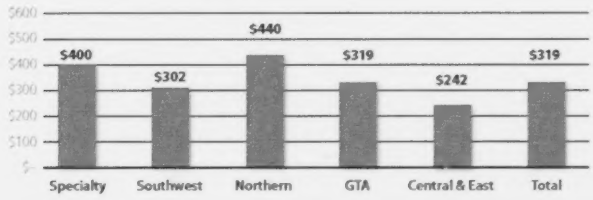
Growth in Active Files at Community Clinics

The table below outlines the active files and their growth over the past four years.

	2006/07	2007/08	2008/09	2009/10	2010/11	% Change 2006/07 to 2010/11
Speciality	22,566	24,508	26,008	29,147	33,223	47%
Southwest	36,743	37,637	39,287	43,699	43,571	19%
Northern	16,324	14,931	15,943	16,718	16,419	1%
GTA	52,814	52,589	56,209	57,712	59,506	13%
Central & East	46,370	46,003	47,696	48,631	50,477	9%
Total	**174,817**	**175,668**	**185,143**	**195,907**	**203,196**	**16%**
Total Cost (000$'s)	$ 48,293	$ 55,225	$ 57,628	$ 57,189	$ 64,874	34%
Cost/active File	$ 276	$ 314	$ 311	$ 315	$ 319	16%

Note: Data include categories such as: Advice, Brief Services, Files Opened at Start and Files Opened During for Case Files, Outreach Community Development, Outreach Legal Reforms & Outreach Public Legal Educations.

Cost per Active File by Region



The chart above outlines the cost per active file by region. A variety of factors influence the cost per file and further analysis will be undertaken once the Clinic Management Information system has been developed that will assist LAO and the clinics to develop a more thorough understanding of the cost implications and challenges in delivering clinic services in Ontario.

Student Legal Aid Services Societies

Student Legal Aid Services Societies (SLASS), funded by LAO and delivered by volunteer law students, operate out of Ontario's six university law schools to provide public legal education and to deliver legal advice and representation to low income Ontarians who cannot afford a lawyer but do not qualify for legal aid.

Among the issues they deal with are minor criminal matters, landlord and tenant disputes, immigration issues, and workers' rights and tribunals, including the Ontario Human Rights Tribunal.

Funding to SLASSs totaled $3.2 million in 2010/11, the same amount that was provided in 2009/10. Below is a summary of activity for each SLASS.

Queen's Legal Aid – Queen's University
QLA provided free legal advice and services in the following areas of law: criminal; mental health diversion; disability; small claims; provincial driving offences; human rights; tenant and housing rights.

Highlights of activities at Queen's Legal Aid:

- 100% success rate with CPP Review Tribunal hearings;
- 2 Charter arguments won on unlawful search, and unreasonable delay;
- significant increase in clients for its Napanee project
- articling student available at criminal court for clients ineligible for legal aid certificate.

In total 84 students were involved in QLA. Eight of these supervised cases and 4 were steering committee members.

University of Ottawa – Community Legal Clinic
The clinic performed casework in the following areas: criminal, charter rights, employment, human rights, consumer rights, and tenant and housing rights. It made approximately 7 presentations per month to community groups and agencies participated in community development initiatives and published articles in 2 university bilingual publications.

In total, 244 students were involved with the clinic of which 49 took cases.

Downtown Legal Services (DLS) – University of Toronto
Approximately 180 students participated (out of a total of 615 students) in the clinic as volunteers, credit students, division leaders, and members of the executive board. For eligible low-income clients, the students offer all levels of service, from public legal education, referral and self-help advice right up to representation in hearings and appeals.

Areas of law include criminal, family, refuge and immigration, tenant housing law issues, academic appeals and offences, and human rights practice (in partnership with the Human Rights Legal Support Centre).

Students are supervised by staff lawyers, but are responsible for individual files and appear regularly before courts and administrative tribunals on behalf of their clients. Students also assist staff lawyers on judicial appeals and reviews of clinic cases at the Superior Court (criminal appeals), the Federal Court (for refugee and immigration matters), the Divisional Court (reviews of other administrative proceedings). They can volunteer or work for course credit on public interest law projects lead by the supervising lawyers such as law reform projects, community partnerships and coalitions and outreach projects.

DLS maintains and updates its Toronto Legal Services Wiki, which acts as a repository of information on GTA clinics' services and community referrals.

CLASP, at Osgoode Hall Law School, York University
About 200 students were involved at the clinic out of a total law school enrolment of 884. Individual file work was performed in the areas of criminal law, immigration and administrative law including social assistance, human rights and landlord and tenant. CLASP also provided social work services through the social work students placed at the clinic and under the supervision of the Community Outreach counsellor. Public legal education sessions were provided upon request.

CLASP employed 18 law students and 3 social work students to maintain service over the summer months. During the academic year of 2009/2010, 17 students obtained course credit while handling cases for clients and supervised case-worker students, and an additional 119 volunteered as Duty Counsel at several service locations. All student legal work was supervised by review counsel.

CLASP volunteers conducted a vigorous campaign and won a plebiscite across the campus of York University, succeeding in raising student fees by a small amount per student and amending the funding formula for the future.

Community Legal Services – Western University
Community Legal Services provided free legal advice and representation to the community, and Fanshawe College and Western students in matters such as Small Claims Court, Highway Traffic Act, City By-Law offences, tenant and housing rights, summary criminal conviction, academic appeals, wills and powers of attorney, dispute resolution, immigration and intellectual property. Students are advised and assisted by senior students and review lawyers. CLS has four outreach locations manned for two hours each week at the Salvation Army, Western Ontario Therapeutic Community Hostel, Fanshawe College and the Men's Mission and London Health Sciences Centre Mental Health Unit. CLS provided Public Legal Education presentations and workshops to social agencies, non-profit organizations, and on campus at UWO and Fanshawe College. CLS also organized a clinical legal education conference and launched an organization called the Association for Canadian Clinical Legal Education.

In 2010/11, CLS had 358 case files open at the beginning of the year, opened 500, and closed 512 in this period. It provided summary advice on 75 files and prepared 2,068 affidavits and declarations.

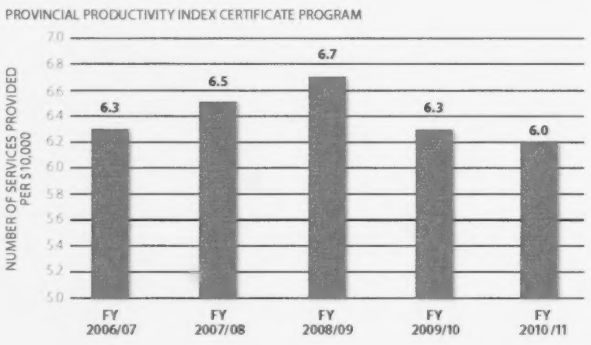
Community Legal Aid (CLA) – University of Windsor
CLA provided public legal education, referral and self-help advice as well as representation in hearings and appeals to residents of Windsor-Essex County area and university undergraduates in the following areas of law: highway traffic and provincial offences, landlord/tenant, summary criminal convictions with no jail time, small claims court, academic integrity and misconduct, and commissioning and notarizing. Students also assist staff lawyers on judicial appeals and reviews of clinic cases at the Superior Court (criminal appeals), the Federal Court (for refugee and immigration matters), and the Divisional Court (reviews of other administrative proceedings).

The CLA had 174 files open at the beginning of the year, opened 311 and closed 277 case files by the end of the school year, generated 15 summary advice files and 248 affidavits and declarations. Approximately 152 students, of which 100 are law student volunteers, were supervised by Review Counsel.

LAO SERVICE PRODUCTIVITY

The productivity index measures the number of services provided per $10,000 of cost. This is a standard measures that can be used across all programs. The effect of the 5% tariff increase has been excluded from the certificate and duty counsel calculations. Productivity improvements achieved result in additional services for clients. As LAO continues to evolve its service delivery measures we will be reviewing the productivity mix components and the scope of the activities measured as part of the process.

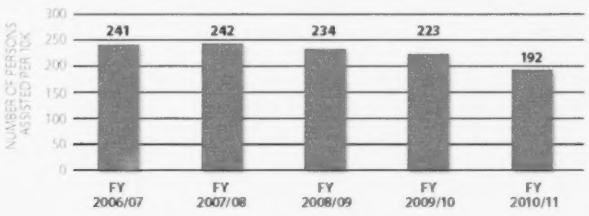
Certificate Productivity



LAO's certificate productivity is marginally lower in 2010/11 and this is the result of continued increases in the cost per certificate being issued by LAO.

Duty Counsel

PROVINCIAL PRODUCTIVITY INDEX
DUTY COUNSEL PROGRAM



LAO's duty counsel productivity is marginally lower in 2010/11 because of increases in the tariff and changing duty counsel functions. LAO will review how it measures duty counsel activities in the future to focus more closely on outcomes for clients than on number of assists. Using duty counsel more effectively will reduce productivity, but it may also reduce the number of certificates issued and effectively support the Province's Justice On Target initiative.

Duty Counsel/Certificate Productivity Relationship

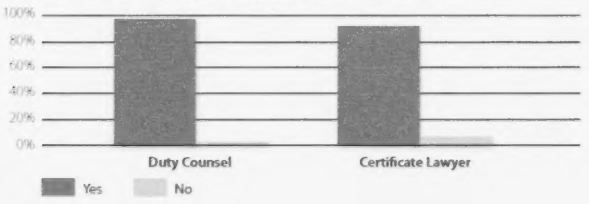
To address the relationship between LAO certificates and duty counsel assists LAO has developed a duty counsel certificate productivity measure that compares the number of certificates issued against the number of duty counsel assists. It is expected that as duty counsel undertake more activity, the number of duty counsel assists per certificate issued will increase.

Client Satisfaction

In order to track LAO's client satisfaction and assist in determining the impact that LAO services are having on clients and the justice system LAO has been conducting a survey of clients for the past six years. The 2010/11 survey was conducted in February 2011. A total of 11,204 surveys were distributed; 3,287 responses were received for a total response rate of 29.3%. A summary of the key findings are provided below.

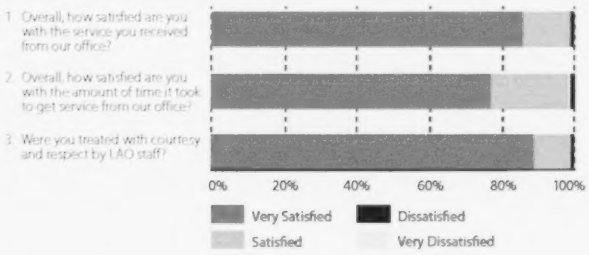
98% of clients served by Duty Counsel and 92% of those served by Certificate Lawyers said they were well served.

WERE CLIENTS WELL SERVED BY DUTY COUNSEL AND CERTIFICATE LAWYER?



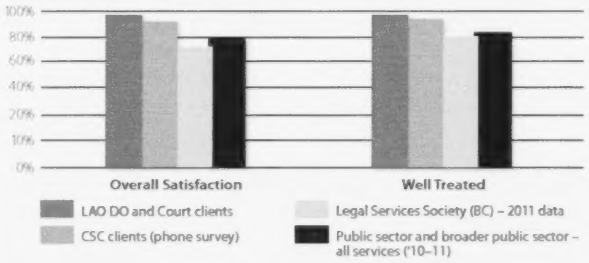
The satisfaction from clients receiving services from LAO's Family Law Service Centres was very high with 100% of respondents were either very satisfied or satisfied by the referral process and 99% of respondents were either very satisfied or satisfied by the overall FLSC service.

SATISFACTION INDICATORS AT FLSCs


1. Overall, how satisfied are you with the service you received from our office?
2. Overall, how satisfied are you with the amount of time it took to get service from our office?
3. Were you treated with courtesy and respect by LAO staff?
0%
20%
40%
60%
80%
100%
Very Satisfied
Dissatisfied
Satisfied
Very Dissatisfied

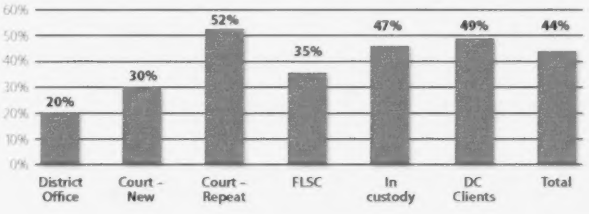
LAO overall client satisfaction benchmarked against the BC's Legal Services Society and the broader public sector as measured by the Institute for Citizen-Centred Service is also very strong with LAO scoring a 98% client satisfaction for clients served in LAO's district office and courts and 93% for clients served by the call centre.

OVERALL CLIENT SATISFACTION WITH LAO SERVICES BENCHMARKED AGAINST BC (LSS) AND THE PROVINCIAL/TERRITORIAL PUBLIC SECTORS (FROM ICCS)



The impact of LAO's services on the justice system is also a very important consideration. LAO asked clients what they would have done without LAO representation. A significant number of clients would have self-represented without LAO's services.

% CLIENTS INDICATING THEY WOULD SELF REPRESENT IF NOT FOR LAO SERVICES



LEGAL AID ONTARIO
FINANCIAL STATEMENTS

For the year ended March 31, 2011

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Management's Statement of Responsibility

The Management of Legal Aid Ontario is responsible for the preparation, presentation and integrity of the accompanying financial statements, Management's Discussion and Analysis and all other information contained in this Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgements and best estimates necessary to prepare the financial statements in accordance with Canadian generally accepted accounting principles, with appropriate consideration to materiality. The significant accounting policies followed by Legal Aid Ontario are described in the financial statements.

Management has developed and maintains a system of internal control, business practices and financial reporting to provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced on a timely basis. Internal auditors, who are employees of Legal Aid Ontario, review and evaluate internal controls on management's behalf.

The Board of Directors of Legal Aid Ontario ensures that management fulfils its responsibilities for financial information and internal control through an Audit and Finance Committee. This Committee meets regularly with management and the auditor to discuss internal controls, audit findings and the resulting opinion on the adequacy of internal controls, and the quality of financial reporting issues. The auditors have access to the Audit and Finance Committee, without management present, to discuss the results of their work.

The accompanying financial statements have been examined by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the Auditor General's examination and opinion.

Robert W. Ward
President and
Chief Executive Officer
June 2, 2011

Michelle Séguin
Vice President and
Chief Administrative Officer
June 2, 2011

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To Legal Aid Ontario
and to the Attorney General of Onatrio

I have audited the accompanying financial statements of Legal Aid Ontario, which comprise the balance sheet as at March 31, 2011, and the statements of operations and changes in net deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of Legal Aid Ontario as at March 31, 2011 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Jim McCarter, FCA
Auditor General
Licensed Public Accountant

Toronto, Ontario
June 2, 2011

Legal Aid Ontario
Balance Sheet

March 31	2011 ($000's)	2010 ($000's)
ASSETS		
Current		
Cash and cash equivalents (Note 2)	$ 6,568	$ 20,008
Short-term investments (Note 4)	16,589	12,059
Short-term investments - contingency reserve (Notes 4 and 10)	-	10,000
Prepaid expenses	1,271	1,252
Client accounts receivable (Note 3(a))	11,475	13,362
Other receivables (Note 3(b))	13,789	11,412
	$ 49,692	$ 68,093
Long-term client accounts receivable (Note 3(a))	22,222	23,194
Capital assets (Note 5)	5,124	8,233
	$ 77,038	$ 99,520
LIABILITIES AND NET DEFICIT		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 83,965	$ 96,199
Deferred capital contributions (Note 7)	21	253
Deferred revenue (Note 8)	5,000	5,580
Accrued pension benefit (Note 13)	569	1,413
	$ 89,555	$ 103,445
Net Deficit		
Net accumulated deficit (Note 1(c))	$ (17,620)	$ (21,905)
Invested in capital assets (Note 9)	5,103	7,980
Contingency reserve (Notes 4 and 10)	-	10,000
	$ (12,517)	$ (3,925)
	$ 77,038	$ 99,520

On behalf of the Board

Chair

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario
Statement of Operations

For the year ended March 31	2011 ($000's)	2010 ($000's)
REVENUE		
Total Government Funding (Note 1(a))	$ 320,810	$ 315,439
The Law Foundation of Ontario	13,397	4,837
Client contributions	18,114	21,880
Client and other recoveries	521	664
Investment income	268	553
Miscellaneous income	461	721
TOTAL REVENUE	$ 353,571	$ 344,094
EXPENSES		
Client Programs		
Certificate Program		
Criminal - Big Cases	$ 23,160	$ 24,211
Criminal - Others	80,775	79,853
Sub-total	103,935	104,064
Family	49,250	51,801
Immigration and refugee	18,768	18,571
Other civil	5,459	6,044
Sub-total	177,412	180,480
Settlement conferences	105	155
Family law offices	4,092	2,521
Criminal law offices	652	1,037
Refugee law office	1,172	1,166
Nishnawbe-Aski legal services corporation	1,479	1,802
Sub-total	184,912	187,161
Duty Counsel Program		
Duty counsel fees and disbursements	42,791	38,184
Expanded duty counsel	940	814
Sub-total	43,731	38,998
Clinic Program and Special Services		
Clinic law services (Note 11)	65,204	60,020
Student legal aid societies	3,295	3,217
Clinic information management project		40
Sub-total	68,499	63,277
Service Innovation Projects		
Other	682	916
Sub-total	682	916

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario
Statement of Operations
(Continued)

For the year ended March 31	2011 ($000's)	2010 ($000's)
EXPENSES (continued)		
Program Support		
Regional operations	**1,693**	2,124
District/Area office services	**10,601**	33,473
Client service center	**4,678**	761
Sub-total	**16,972**	36,358
TOTAL CLIENT PROGRAMS	**$ 314,796**	$ 326,710
Service Provider Support		
Research facility	**3,480**	3,885
Lawyers services and payments	**1,795**	3,115
Sub-total	**5,275**	7,000
Administrative and Other Costs		
Provincial office	**25,856**	26,035
Amortization expense	**3,757**	3,793
Bad debts expense	**12,479**	8,202
Sub-total	**42,092**	38,030
TOTAL EXPENDITURES	**$ 362,163**	$ 371,740
Deficiency of revenue over expenses for the year	**$ (8,592)**	$ (27,646)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario
Statement of Changes in Net Deficit

For the year ended March 31, 2011

	Invested in capital assets	Contingency reserve	Accumulated deficit	2011 Total ($000's)	2010 Total ($000's)
	(Note 9)	(Note 10)	(Note 1(c))		
Net accumulated surplus/(deficit), beginning of year	$ 7,980	$ 10,000	$ (21,905)	$ (3,925)	$ 23,721
Deficiency of revenue over expenses	(3,525)	-	(5,067)	(8,592)	(27,646)
Investment in capital assets	648	-	(648)	-	-
Transfer to accumulated deficit	-	(10,000)	10,000	-	-
Net accumulated surplus/(deficit), end of year	$ 5,103	$ -	$ (17,620)	$ (12,517)	$ (3,925)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario
Statement of Cash Flows

For the year ended March 31	2011 ($000's)	2010 ($000's)
Cash provided by (used in)		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	$ (8,592)	$ (27,646)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities:		
Amortization	3,757	3,793
Amortization of deferred capital contributions	(232)	(232)
Employer pension contributions	(2,251)	(2,245)
Pension expense	1,407	2,402
Changes in non-cash working capital balances:		
Client accounts receivable	1,887	554
Other receivable	(2,377)	(3,765)
Prepaid expenses	(19)	(55)
Accounts payable and accrued liabilities	(12,234)	10,177
Accrued interest on investments	(30)	577
Deferred revenue	(580)	5,580
Long-term client accounts receivable	972	(3,170)
	$ (18,292)	$ (14,030)
INVESTING ACTIVITIES		
Purchase of capital assets	$ (648)	$ (1,106)
Redemption of investments	5,500	28,000
	$ 4,852	$ 26,894
Net increase (decrease) in cash and cash equivalents during the year	(13,440)	12,864
Cash and cash equivalents, beginning of year	20,008	7,144
Cash and cash equivalents, end of year	$ 6,568	$ 20,008

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario
Summary of Significant Accounting Policies

March 31, 2011

NATURE OF OPERATIONS

On December 18, 1998, the Ontario Legislative Assembly enacted the *Legal Aid Services Act, 1998* whereby Legal Aid Ontario (the "Corporation") was incorporated without share capital under the laws of Ontario. The Corporation began operations on April 1, 1999 and is tax exempt under the Income Tax Act (Canada).

The *Legal Aid Services Act, 1998* establishes the following mandate for the Corporation:

- To promote access to justice throughout Ontario for low-income individuals by providing high quality legal aid services
- To encourage and facilitate flexibility and innovation in the provision of legal aid services
- To recognize the diverse legal needs of low-income individuals and disadvantaged communities
- To operate within a framework of accountability for the expenditure of public funds

The affairs of the Corporation are governed and managed by a Board of eleven Directors appointed by the Lieutenant Governor in Council. While the Corporation operates independently from the Province of Ontario and the Law Society of Upper Canada, it is accountable for the expenditure of public funds and for the provision of legal aid services in a manner that both meets the needs of low-income individuals and is cost-effective and efficient.

BASIS OF ACCOUNTING

The Corporation follows the deferral method of accounting for contributions.

Accumulated surplus (deficit) represents the excess (deficiency) of revenue over expenses related to the Corporation's program delivery and administrative activities.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

REVENUE RECOGNITION

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured. Due to uncertainty surrounding the amounts to be billed, client contributions are recognized as revenue when the Corporation accrues a lawyer's invoice on behalf of a client. Judgments, costs and settlements are recognized as revenue when awarded.

EXPENSE RECOGNITION

Expenses are recognized on an accrual basis. Certificate program costs include amounts billed to the Corporation by lawyers and an estimate of amounts for work performed by lawyers but not yet billed to the Corporation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks plus highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less.

FINANCIAL INSTRUMENTS

The Corporation has designated all of its investments as Available for Sale recorded at fair value. Transaction costs related to the purchase of investments are capitalized and costs related to the sale of investments are expensed in the year incurred. Changes in fair value are treated as an increase or decrease in the statement of changes in net accumulated surplus (deficit). Fair values for investments are valued at year-end quoted market prices.

The Corporation has designated client accounts receivable as loans and receivables and carries them at amortized cost using the effective interest rate method.

The Corporation has designated its cash and cash equivalents as Held-For-Trading and carries them at fair value. Accounts payable and accrued liabilities are designated as Other Liabilities and are also carried at fair value. The fair value of cash and cash equivalents, accounts payable and accrued liabilities approximate their face value due to the short-term nature of these accounts.

The Corporation has adopted the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in accordance with the Accounting Standards Boards' decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained with Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Furniture and office equipment	- 5 years
Computer hardware and software	- 3 years
Custom-designed software	- 3 years
Enterprise-wide software	- 7 years
Leasehold improvements	- over the term of lease

DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions, related to the funding received from the Province of Ontario for the acquisition of capital assets, represents the unamortized portion of contributions used for the acquisition of capital assets. Amortization of the deferred capital contribution is provided on the same basis as the related asset.

PENSIONS

Substantially all of the Corporation's employees are enrolled in a defined contribution plan. The cost of pension benefits for defined contribution plans are charged to operations as contributions become due. The Corporation also has seven employees enrolled in a defined benefit plan. The cost of pension benefits earned by the employees covered by the defined benefit plan is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, terminations and retirement ages of plan members. Adjustments for plan amendments, changes in assumptions and actuarial gains and losses are recorded in the statement of operations over the expected average remaining service life of the employee group which is approximately 7 years.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in the financial statements include the allowance for accounts receivable, accruals related to legal work performed but not yet billed and accrued pension benefits.

March 31, 2011

1. Government Funding

Section 71 of the *Legal Aid Services Act, 1998* requires the Corporation and the Attorney General of Ontario to enter into a Memorandum of Understanding ("MOU") every five years. The purpose of the MOU is to clarify the operational, administrative, financial, and other relationships between the Attorney General and the Corporation.

The most recent Memorandum of Understanding was signed on December 10, 2008. The agreement is effective for five years and expires on December 10, 2013.

(a) The Corporation is economically dependent on the Province of Ontario, and contributions received from the Province were allocated as follows:

	2011 ($000's)	2010 ($000's)
Contributions	$ 320,578	$ 315,207
Amortization of deferred capital contributions (Note 7)	232	232
	$ 320,810	$ 315,439

One time funding in the amount of $10.0 million was received from the Province in 2010 and is reflected in the total contributions for that year. In 2011, an additional $15.0 million was received from the Province as part of a governmental LAO Revitalization initiative that will result in a total of $60.0 million in additional permanent funding being provided to LAO by 2013.

(b) Included in contributions from the Province of Ontario for the year ended March 31, 2011 is an amount of $53.1 million (2010 - $53.3 million) representing an allocation of funds from a lump sum transfer by the Federal Government to the Province in connection with criminal law, the Youth Criminal Justice Act, Immigration and Refugee expenditures for unique pressures through a cost-sharing arrangement.

(c) Subsection 66(3) of the *Legal Aid Services Act, 1998* allows the Corporation to designate any surplus or deficit in a fiscal year to either or both of the two subsequent fiscal years with the approval of the Attorney General, unless under Subsection 69(2) it is ordered by the Minister of Finance to pay its surplus into the Consolidated Revenue Fund.

2. Cash and Cash Equivalents

The Corporation has an operating line of credit in the amount of $5.0 million to cover temporary bank overdrafts. This facility remained unused at March 31, 2011. The credit facility bears interest at the prime rate and is unsecured.

3. Accounts Receivable

(a) Client Accounts Receivable

	2011 ($000's)	2010 ($000's)
Total Client accounts receivable	$ 87,082	$ 84,737
Less: Allowance for bad debts	(53,385)	(48,181)
Client accounts receivable (net)	$ 33,697	$ 36,556
Represented by		
Current client accounts receivable	11,475	13,362
Long-term client accounts receivable	22,222	23,194
	$ 33,697	$ 36,556

The Corporation has a client contribution program for legal aid applicants who do not meet the Corporation's financial eligibility requirements for a non-contributory certificate. These applicants receive the assistance they need by entering into a contribution agreement, by which they undertake to repay the Corporation over time for the services provided to them. Contribution agreements may include monthly payments and/or liens on property.

(b) Other receivables

Other receivables are mainly comprised of amounts due from the Law Foundation of Ontario, Canada Revenue Agency and both the Federal and Provincial governments for protocol cases. A portion of Legal Aid's revenue is received from the Law Foundation of Ontario and this receivable represents the outstanding amount at year end. Amounts due from Canada Revenue Agency represents HST refunds outstanding as at year end. Protocol legal cases are administered by Legal Aid on behalf of both the Federal Department of Justice (DOJ) and the Ontario Ministry of the Attorney General (MAG); these receivables represent the outstanding amounts at year end.

	2011 ($000's)	2010 ($000's)
Due from The Law Foundation of Ontario	$ 2,364	$ 587
HST receivables	6,135	5,987
MAG protocol cases receivables	2,785	2,483
DOJ protocol cases receivables	1,742	1,422
Other receivables	763	933
Balance, end of year	$ 13,789	$ 11,412

4. Investments

	2011 ($000's)		2010 ($000's)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Guaranteed investment certificates	$ 16,500	$ 16,500	$ 22,000	$ 22,000
Accrued interest	89	89	59	59
	$ 16,589	$ 16,589	$ 22,059	$ 22,059
Less: Contingency reserve - Short-term (Note 10)	$ -	$ -	$ (10,000)	$ (10,000)
Total	$ 16,589	$ 16,589	$ 12,059	$ 12,059

The Corporation has developed an investment policy in accordance with the statutory requirements outlined in Sections 7(1), 7(2), 7(3) and 7(4) of Ontario Regulation 107/99 made under the *Legal Aid Services Act, 1998*. The Corporation's short-term and long-term investment policy is to invest in highly liquid investments in Canadian federal government securities, Canadian provincial government securities or other guaranteed investment certificates issued or guaranteed by Canadian financial institutions with a rating of A or above. The investments held by the Corporation as at March 31, 2011 are in compliance with the statutory requirements. The Corporation earned total investment income of $ 0.3 million in 2011 (2010 - $0.6 million).

The Corporation's investment portfolio is exposed to various risks, which are mitigated by the type of investments and therefore risk is low. The associated risks with the investments are as follows:

(a) Interest rate risk:
The value of fixed income securities will generally rise if interest rates fall and decrease if interest rates rise. The fixed income investments consist of $16.5 million (2010 - $22.0 million) invested in guaranteed investment certificates, bearing interest rates of 0.50% and 1.15% (2010 - 0.5%) and maturing on April 8, 2011 and September 16, 2011 (2010 - April 10, 2010 to September 17, 2010).

(b) Liquidity risk:
Liquidity risk is the ease with which an organization can readily convert their investments into cash. Guaranteed investment securities represent instruments in highly liquid investments that are readily converted into known amounts of cash.

(c) Market risk:
Market risk arises as a result of trading fixed income securities. Fluctuation in the market exposes the Corporation to a risk of loss. Given the composition of the investment portfolio and the statutory requirements regarding investment decisions, market risk is low.

March 31, 2011

5. Capital Assets

	2011 ($000's)		2010 ($000's)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	$ 1,015	$ 558	$ 998	$ 482
Computer hardware and software	14,627	13,858	16,196	14,982
Custom-designed software	39	23	84	45
Enterprise-wide software	15,628	14,904	15,628	12,672
Leasehold improvements	7,871	4,713	7,931	4,423
	$ 39,180	$ 34,056	$ 40,837	$ 32,604
Net book value		$ 5,124		$ 8,233

6. Accounts Payable and Accrued Liabilities

	2011 ($000's)	2010 ($000's)
Legal accounts - billings received but not paid	$ 18,699	$ 24,252
- work performed but not yet billed	56,186	55,511
Rent inducements	1,569	1,762
Trade and other payables	6,685	13,886
Vacation pay	826	788
	$ 83,965	$ 96,199

At year end, management estimates the liability for work performed by private lawyers that has not yet been billed to the Corporation to be approximately $56.2 million (2010 - $55.5 million).

March 31, 2011

7. Deferred Capital Contributions

Changes in capital contributions relating to Province of Ontario funded projects are as follows:

	2011 ($000's)	2010 ($000's)
Balance, beginning of year	$ 253	$ 485
Amortization of deferred capital contributions (Note 1(a))	(232)	(232)
Balance, end of year	$ 21	$ 253

8. Deferred Revenue

The Corporation has received advance funds for future projects from the following organizations:

	2011 ($000's)	2010 ($000's)
Law Foundation of Ontario	$ 5,000	$ 5,000
Ministry of Attorney General	-	580
Balance, end of year	$ 5,000	$ 5,580

9. Changes in Net Assets Invested in Capital Assets

	2011 ($000's)	2010 ($000's)
Balance, beginning of year	$ 7,980	$ 10,435
Amortization	(3,757)	(3,793)
Amortization of deferred capital contributions	232	232
Purchase of capital assets	648	1,106
Balance, end of year	$ 5,103	$ 7,980
Represented by		
Capital assets (Note 5)	$ 5,124	$ 8,233
Deferred capital contributions (Note 7)	(21)	(253)
	$ 5,103	$ 7,980

10. Contingency Reserve

Section 66(4) of the Legal Aid Services Act, 1998, requires the Corporation to maintain a contingency reserve fund as prescribed by section 6 of Ontario Regulation 107/99. This fund was established on April 1, 1999 with a balance of $20 million which was funded by the Corporation. The Regulation also requires the Corporation to obtain advance approval from the Attorney General for any withdrawal beyond $5 million of this capital amount and for the Corporation to provide an explanation of why the withdrawal is needed, a schedule for repayment, and a statement of the Corporation's plans for preventing a similar need from arising in future. During fiscal 2011, with the approval of the Attorney General, the Corporation withdrew $10 million from the fund which was applied against the accumulated deficit. The Corporation's 2011/12 business plan makes provision for the replenishment of the fund in future years.

	2011 ($000's)	2010 ($000's)
Balance, beginning of year	$ **10,000**	$ 20,000
Transfer to accumulated surplus	**(10,000)**	(10,000)
Balance, end of year	$ -	$ 10,000

Represented by	2011 ($000's)	2010 ($000's)
Investments - short-term (Note 4)	$ -	$ 10,000
	$ -	$ 10,000

11. Clinic Law Services

The Corporation provides funding to community clinics enabling them to provide poverty law services to the community they serve on a basis other than fee for service. The community clinics are organizations structured as corporations without share capital and are governed and managed by a board of directors. Community Clinics are independent from, but accountable to, the Corporation under Sections 33 to 39 of the *Legal Aid Services Act, 1998*. Each community clinic is independently audited and is required to provide audited financial statements to the Corporation for the funding period.

The total funding to community clinics consists of direct funding transfers and the cost of centrally provided support services.

	2011 ($000's)	2010 ($000's)
Payments to and on behalf of clinics	$ 65,204	$ 60,020
	$ 65,204	$ 60,020

12. Commitments and Contingencies

(a) The Corporation issues certificates to individuals seeking legal aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines. At March 31, 2011 management estimates that a potential $49.7million (2010 - $44.0 million) could still be incurred on certificates issued on or before March 31, 2011 over and above the billings received to date and management's estimate of work performed but not yet billed.

(b) The Corporation leases various office premises and equipment throughout the Province. The base rent and estimated operating costs based on prior period information under these leases for the next five years and thereafter are approximately as follows:

	Base Rent ($000's)	Operating Cost ($000's)	Total ($000's)
2012	$ 2,293	$ 2,610	$ 4,903
2013	1,459	1,995	3,454
2014	1,322	1,920	3,242
2015	1,280	1,891	3,171
2016	1,186	1,801	2,987
Thereafter	2,685	4,351	7,036
	$ 10,225	$ 14,568	$ 24,793

12. Commitments and Contingencies (continued)

(c) The Corporation is the defendant in a number of lawsuits arising in the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not likely to be significant and are not determinable at this time. Losses, if any, will be accounted for in the period of settlement.

Some of the above lawsuits are covered by insurance after the application of a deductible of up to $5 thousand, depending on when the event of the claim occurred and the nature of the claim.

13. Pensions

The Corporation has a pension plan to provide retirement benefits for its employees. The plan has effectively two plans, a defined contribution with a defined benefit component and supplementary (executive) plan.

Defined Contribution Component

The defined contribution component of the plan covers 694 (2010 - 656) employees. The Corporation makes pension contributions to the defined contribution component of the plan which is limited to making regular payments to match the amount contributed by the employees for current service. The Corporation's pension expense for the year relating to this component of the plan was $2.028 million (2010 - $2.134 million).

Defined Benefit Component

The defined benefit component of the plan covers seven (2010 - 9) participants. Under this benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. It is subject to actuarial valuations for funding purposes at intervals of not more than three years. Management has engaged a third party to prepare a valuation as of January 2011, final report to be released. The Corporation makes pension contributions to this component of the plan in amounts recommended by the actuary.

For the year ended March 31, 2011, an extrapolation for accounting purposes was performed using the following assumptions:

	2011	2010
Accrued benefit obligation as of March 31:		
Discount rate	5.60%	5.75%
Rate of compensation increase	4.00%	4.00%
Benefit costs for year ended March 31:		
Discount rate	5.75%	7.25%
Expected long-term rate of return on plan assets	6.00%	6.00%
Rate of compensation increase	4.00%	4.00%

March 31, 2011

13. Pensions (continued)

The reconciliation of the funded status of the defined benefit component of the plan to the amounts recorded in the financial statements of the Corporation is as follows:

	2011 ($000's)	2010 ($000's)
Accrued benefit obligation	$ 3,276	$ 3,469
Fair value of plan assets	3,341	3,003
Funded status plan surplus (deficiency)	65	(466)
Balance of unamortized amounts	232	669
Accrued benefit asset	297	203
Pension expense	10	86
Pension contributions		
Employees	20	24
Corporation	104	111
Pension paid benefits	67	30

Supplementary Benefit Plan

The Board of the Corporation has also approved the establishment of a supplementary pension benefit plan for designated executive members. Under the supplementary pension benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The Plan is unfunded and the benefits will be paid by the Corporation as they become due. The accounting valuation for the unfunded retirement plan has been performed as at March 31, 2011.

For the year ended March 31, 2011, an actuarial valuation for accounting purposes was performed using the following assumptions with respect to the accrued benefit obligation and benefit costs:

	2011	2010
Discount rate	6.00%	6.00%
Inflation	3.00%	3.00%

The Corporation's pension income for the year was $(0.631) million (2010 - $0.181 million expense); the pension accrued benefit obligation as at March 31, 2011 was $0.650 million (2010 - $0.593 million); and the accrued benefit liability as at March 31, 2011 was $0.866 million (2010 - $1.616 million). During the year, the Corporation made payments out of the plan of $0.119 million (2010 - $ nil).

14. Comparative Figures

Certain comparative figures has been reclassified in order to conform with current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis is intended to assist readers in understanding the operating results and financial position of Legal Aid Ontario as well as its strategic direction regarding the provision of services in the future.

This report should be read in conjunction with LAO's audited financial statements for the year ended March 31, 2011, prepared in accordance with Canadian generally accepted accounting principles, and the accompanying notes, which form a part of those statements.

LAO's Modernization Strategy

In 2007, LAO established a Modernization Strategy with the objective of serving more clients more effectively and efficiently. The October 2008 economic collapse and the resulting decrease in Law Foundation of Ontario (LFO) revenues, from a high of $56.4 million in 2007/08 to a low of $4.8 million in 2009/10, required LAO to speed up the Modernization Strategy to eliminate its deficit. Since then, over $40 million in savings have been achieved.

LAO reduced its administration costs by $20M (or 36%) through the elimination of 42 area offices and review of administrative functions. At the same time, LAO strengthened its oversight capacity in compliance, risk assessment and project management functions.

LAO also changed its service delivery model to provide clients with services that match their needs. LAO improved access and speed of services to clients through the implementation of a new call centre (Client Service Centre), enhanced duty counsel services in courts and new family mediation services. These service changes allowed LAO to reduce the number of certificates issued from 117,000 in 2008/09 to 101,000 in 2010/11 without affecting client service.

LAO has an accumulated deficit of $17.6 million. As part of the strategy to eliminate this accumulated deficit, the LAO Board approved a certificate reduction strategy that reduced certificates. In addition, LAO has also developed a revenue strategy that will assist in levelling revenues received from the Law Foundation.

Duty Counsel Program – $4.7 million increase
Two factors have affected the cost of duty counsel, 5% tariff increases, February 1, 2010 April 1, 2010, $2.0 million, and investment of $3.0 million to enhance duty counsel capacity in courts.

Clinic Programs and Special Services – $5.3 million increase
LAO made new funding available for a number of innovative poverty law-related initiatives to improve front line services for clients. The new investment supports a variety of new initiatives to expand services, grow community partnerships and identify solutions to overcome clinic service challenges. These include linguistic and geographic barriers, technological adaptation of services and programs, and ensuring clinics are positioned to attract and retain quality employees.

Program Support – $19.4 million decrease
Through the Modernization Strategy, LAO closed 42 area offices, leaving nine district offices. To improve access and speed of services to clients, LAO implemented a new call centre.

Balance Sheet

The $8.6 million operating deficit increases LAO's net accumulated deficit to $17.6 million at March 31, 2011. Despite an accumulated deficit, LAO has been able to maintain a positive cash position.

At March 31, 2011, LAO's cash position was $23.2 million versus 42.1 million, a decrease of $18.9 million.

This is due to two factors:

- The $8.6 million deficit; and,
- The decrease in amounts owing to lawyers from $96.2 million in 2010 to $84.0 million in 2011 or a $12.2 million decrease which is reflected in "Accounts Payable and Accrued Liabilities". An effort was made during the past year to decrease the overall lawyers' payables to less than 60 days.

	2011	2010	Variance
Cash and cash equivalents	$ 6.6	$ 20.0	
Short term investments	16.6	12.1	
Short-term investments – contingency reserve	–	10.0	
	$ 23.2	$ 42.1	$ 18.9
Accounts payable and accrued liabilities	$ 84.0	$ 96.2	$ 12.2

Net Deficit

LAO's net asset position is a deficit of $12.5 million made up of an accumulated deficit of $17.6 million, offset by Invested in Capital Assets, which is an appropriation for future depreciation costs, of $5.1 million.

The Financial Statements reflect the transfer of the balance of $10 million from the Contingency Reserve Fund to offset LAO's Accumulated Deficit.

	March 31 2010 Actual	March 31 2011 Actual	2010/11 Budget
Accumulated Deficit – Opening Balance	$ (21,905)	$ (21,905)	$ (21,905)
Net operating deficit to be funded from surplus		(5,067)	(29,433)
Transfer "Out" of Contingency Reserve		10,000	10,000
Transfer "In" of Contingency Reserve			
Change in Invested in Capital Assets – 2009/10		(648)	1,380
Subtotal – Accumulated Surplus (Deficit)	$ (21,905)	$ (17,620)	$ (39,958)
Invested in Capital	7,980	5,103	6,600
Contingency Reserve	10,000		
Net Assets (Deficit)	**$ (3,925)**	**$ (12,517)**	**$ (33,358)**

The LAO Board approved a Law Foundation of Ontario (LFO) Revenue Reliance Reduction strategy to limit LAO's reliance on LFO revenues for ongoing program costs to $15 million. Law Foundation revenue will increase once Bank of Canada rates are increased. LAO plans to eliminate its accumulated deficit and replenish the contingency reserve fund from the excess of LFO revenues over $15 million.

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Ce document est disponible en français.

Legal Aid Ontario receives financial assistance from the Government of Ontario.

Legal Aid Ontario's annual report is also available in alternative formats.

For further information:

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